

# **KING COUNTY AUDITOR'S OFFICE**

## **1999 ANNUAL REPORT**



King County  
Seattle, Washington

County Auditor  
Don Eklund

Management Auditors  
Susan Baugh  
Bobby Buyco  
Kimberly Cregeur  
Nancy McDaniel  
Kristi Nelson  
Harriet Richardson, CPA, CIA

Financial Auditors  
Makoto (Mac) Fletcher, CPA  
Bert Golla, CPA  
Paul Walker, CPA, CMA, CIA

Interns  
Maura Sullivan  
Lisa Lusk

Support Staff  
Jan Lee  
Helen Moore  
Yaeko Rojnuckarin

## Metropolitan King County Council

Maggi Fimia, *District 1*  
Cynthia Sullivan, *District 2*  
Louise Miller, *District 3*  
Larry Phillips, *District 4*  
Dwight Pelz, *District 5*  
Rob McKenna, *District 6*  
Pete von Reichbauer, *District 7*  
Greg Nickels, *District 8*  
Kent Pullen, *District 9*  
Larry Gossett, *District 10*  
Jane Hague, *District 11*  
David W. Irons, *District 12*  
Christopher Vance, *District 13*



**Don Eklund**  
*King County Auditor*

516 Third Avenue, Room W 1020  
Seattle, WA 98104-3272

(206) 296-1655  
TTY/TDD 296-1024

## M E M O R A N D U M

Metropolitan King County Councilmembers:

Attached is the 1999 Annual Report of the King County Auditor's Office. The report contains information about the office's purpose, organization, and staffing, and summarizes work completed during 1999. It also contains the office's 2000 work program adopted by the Council.

The Auditor's Office completed twelve reports in 1999. These reports consisted of two management audits, one financial-related audit, four special studies, two management letters, and three consultant audits. Summaries of the reports are presented in the "Projects Completed in 1999" section of this annual report and include:

- Information Technology Planning, Development and Implementation Processes (Management Audit)
- East Lake Sammamish Trail (Special Study)
- Bond Funded Capital Improvement Projects (Financial Audit)
- Traffic Volume Forecast Model (Special Study)
- Jail Overtime (Special Study)
- Disposition of Firearms (Special Study)
- Metro Transit Vehicle Maintenance Operations (Management Audit)
- Roads/Transit Consolidation Opportunities (Management Letter)
- Airport Accounting Practices (Management Letter)
- Transit Management (Consultant Audit)
- Employee Benefits (Consultant Audit)
- Risk Management (Consultant Audit)

In addition to the above projects, the office completed seven management letters which generally followed up on previous projects, formally answered a particular councilmember question, or responded to a specific issue addressed to the Auditor's Office.

Additional information about the office and summaries of reports published from 1992 to date are provided on the King County Auditor's web site at <http://www.metrokc.gov/auditor>. Report summaries can be accessed by department, topic, or year. Reports completed in 1999 are also available in their entirety on the web site.

Audit staff appreciate the support of the Metropolitan King County Council and the cooperation of the County Executive and executive branch staff during the past year.

Respectfully,

Don Eklund, County Auditor

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## INTRODUCTION

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The King County Auditor's Office was established on February 1, 1970. Section 250 of the King County Home Rule Charter created and placed the office within the legislative branch of county government.

Under the provisions of the King County Home Rule Charter, the primary responsibility of the County Auditor's Office is to conduct, or manage consultants who conduct, independent audits and special studies of county agencies. These audits and studies are reported to the Metropolitan King County Council and focus on: (1) the quality and efficiency of agency operations, (2) program effectiveness, and (3) the integrity of the financial management system. These audits and special studies provide information to county officials and citizens regarding the use of public resources in the operation of public programs, and are the principal means to report on government operations. The office's audits and special studies generally determine:

- 1) Whether an organization, program, or process is efficient and effective. Management audits assess whether or not agencies are operating efficiently and effectively; services delivered are beneficial or worthwhile; and management is appropriately planning, directing, and monitoring organizational activities. Audit recommendations focus on solutions for improving the operational efficiency and effectiveness of county programs and services.
- 2) Whether trustees of county assets are exercising proper stewardship responsibilities. Financial-related audits assess how well county resources are managed and whether internal controls, established to protect county assets, are adequate. Expenditures may be tested and analyzed to determine if funds are appropriately expended. Financial-related audits generally include specific recommendations to strengthen county financial management practices and internal controls.
- 3) Whether an organization executes its legally mandated function. Compliance audits assess whether or not county services and activities are performed in compliance with legislative policies and legal mandates. Audit recommendations address the corrective action necessary to bring agencies into compliance with legislative policies.
- 4) Whether an organization is achieving the results intended by the legislative body. Program results audits determine whether intended program performance is being achieved, and whether the organization has considered alternatives that would improve program performance. Audit recommendations focus on changes needed to enhance program performance.

Additional information about the office can be found on the King County Auditor's Office web site on the internet at <http://www.metrokc.gov/auditor>. The site features an audit report index, online reports, and information about current projects, the Metropolitan King County Council, King County government in general, and links to audit-related sites.

## **ORGANIZATION**

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The operating guidelines of the Auditor's Office are adopted from Government Auditing Standards issued by the Comptroller General of the United States General Accounting Office, which is a legislative branch agency of the Federal government. The Auditor's Office independently collects and analyzes information about county operations as well as prepares audit reports and studies for presentation to the Metropolitan King County Council and publication.

### **Mission Statement**

Perform high quality, independent, and objective analysis while conducting management and financial audits and special studies to assist the Metropolitan King County Council in its oversight of county government operations.

### **Staffing**

In order to accomplish our mission, the Auditor's Office employs highly competent and professional staff. In 2000, eleven (11) full-time staff and one part-time graduate student intern are employed in the Auditor's Office. Staff members are competitively recruited from both the public and private sectors. Management and financial auditors generally have advanced degrees in either business or public administration. In addition, four auditors have professional certifications.

The Auditor's Office has reviewed virtually all County agencies, functions, and activities over the years. Audit coverage has ranged from drug and alcohol programs to youth services; from restaurant inspections and solid waste to transit operations and information technology. The ability to review almost any government program or function requires a multidisciplinary staff. Audit staff have expertise in a variety of disciplines such as accounting, business administration, public policy, and public administration.

When an assignment requires specialized experience unavailable to audit staff, outside consultants are called in to conduct the assignment, which is managed by audit staff. Consultants are utilized on less than 10% of audit projects.

The office's commitment to quality is achieved by adhering to the demanding professional standards promulgated by the General Accounting Office (GAO). These standards require that staff be qualified and not subject to undue influence (i.e., independent), that they conduct assignments in a professional manner, and that audit work meets the assignment's objectives. Reports based on this work are accurate, objective, and timely. When issued, all reports are available to the public in hard copy and are also available online at the Auditor's Office web site.

Staff keep up with current developments in auditing, consistent with the General Accounting Office's (GAO) standards, through 80 hours of continuing education every two years and through memberships in professional organizations.

The office was awarded the Knighton Award by the National Association of Local Government Auditors for the best performance audit of 1995 and 1996.

## **Budget**

The Auditor's Office budget is approved by the Metropolitan King County Council during the County's annual budget process. A summary of office appropriations and expenditures since 1992 are presented below along with the 2000 appropriated budget.

YEAR	BUDGET <sup>1</sup>	AMOUNT EXPENDED	AUTHORIZED POSITIONS <sup>2</sup>
1992	714,906	676,971	12
1993	809,069 <sup>3</sup>	780,005	11
1994	731,056	722,569	11
1995	1,133,036 <sup>4</sup>	896,941	12
1996	954,653	877,163	12
1997	1,404,061 <sup>5</sup>	870,353	12
1998	1,316,413 <sup>6</sup>	953,478	12
1999	1,311,145 <sup>6</sup>	1,091,521	12
2000	1,199,250 <sup>6</sup>		11

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<sup>1</sup> Original Council-adopted budget.

<sup>2</sup> Interns and work study students are not included.

<sup>3</sup> Included \$100,000 for a consultant study.

<sup>4</sup> Included \$300,000 for a consultant study.

<sup>5</sup> Included \$500,000 for consultant construction management audits.

<sup>6</sup> Includes \$300,000 for consultant construction management audits.



## STAFF CHARACTERISTICS

	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>WORK FORCE</b>									
Auditors	8	8	8	9	9	9	9	9	8
Interns	3	3	3	3	2	2	2	2	1
Administrative Support	3	3	3	3	3	3	3	3	3
<b>Total</b>	14	14	14	15	14	14	14	14	12
<b>AUDITOR PROFILE<sup>1</sup></b>									
<b>Master's Degree</b>									
• Business <sup>1</sup>	2	2	2	3	3	3	3	3	2
• Public Administration <sup>1</sup>	4	4	5	5	5	5	5	5	5
<b>Bachelor's Degree</b>	2	2	1	1	1	1	1	1	1
<b>CPA</b>	4	4	4	4	4	4	4	4	3
<b>CIA</b>	1	1	2	2	2	2	2	2	1
<b>CMA</b>	0	0	0	1	1	1	1	1	0
<b>GENDER/ETHNIC BACKGROUND<sup>2</sup></b>									
Women	9	8	9	10	8	8	9	9	9
Men	5	6	5	5	6	6	5	5	3
Asian	6	6	6	6	4	5	5	4	4
Black	0	0	0	0	0	0	0	0	0
Caucasian	7	7	7	8	9	8	8	9	7
Hispanic	1	1	1	1	1	1	1	1	1
Other	0	0	0	0	0	0	0	0	0

<sup>1</sup> Includes highest degree attained plus CPA, CIA, and CMA designations that account for some double counting of full-time auditors.

<sup>2</sup> Includes interns.

## PERFORMANCE INDICATORS

	1992	1993	1994	1995	1996	1997	1998	1999
<b>TOTAL PRODUCTS COMPLETED</b>	27	19	19	20	24	24	25	23
Completed Written Reports <sup>1</sup>	13	12	12	10	10	11	8	9
Completed Management Letters	7	4	1	7	12	10	12	7
Completed Consultant Reports	0	0	0	0	1	0	0	3
Ordinances/Motions Completed	7	3	5	2	0	2	2	1
Project Monitoring	--	--	1	1	1	1	3	3
<b>COUNCIL-REQUESTED PROJECTS COMPLETED BY AUDIT STAFF<sup>2</sup></b>	6	10	10	7	9	10	6	9
<b>COMPLETED WRITTEN REPORTS PER AUDITOR</b>	1.6	1.5	1.5	1.1	1.1	1.2	0.9	1.0
<b>COMPLETED PRODUCTS PER AUDITOR</b>	3.4	2.4	2.4	2.2	2.7	2.7	2.8	2.6
<b>AUDIT RECOMMENDATION IMPLEMENTATION STATUS<sup>3</sup></b>								
Total # of Recommendations Made	272	178	89*	79*	105*	68*	n/a	n/a
Implemented	207 (76%)	127 (71%)	54 (61%)	55 (70%)	81 (77%)	62 (91%)	n/a	n/a
Partially Implemented	38 (14%)	24 (14%)	23 (26%)	13 (16%)	16 (15%)	4 (6%)	n/a	n/a
Not Implemented	28 (10%)	27 (15%)	12 (13%)	11 (14%)	8 (8%)	2 (3%)	n/a	n/a
<b>STAFF MONTHS<sup>4</sup> PER PROJECT<sup>2</sup></b>								
Less than 3 months	1	1	1	1	0	0	4	3
More than 3 up to 6 months	3	6	7	4	2	7	3	1
More than 6 up to 9 months	5	3	1	4	3	2	0	1
More than 9 up to 12 months	1	1	0	1	5	1	1	0
More than 12 up to 15 months	0	1	0	0	0	0	0	1
More than 15 up to 18 months	2	0	0	0	0	1	0	1
Over 18 months	1	0	3	0	0	0	0	2
Average staff months	9.53	6.14	8.63	5.87	8.57	6.60	4.30	12.79
<b>RESOURCE UTILIZATION (auditors + interns)</b>								
Administrative Time	12.59%	12.80%	14.86%	13.06%	7.78%	7.41%	6.93%	9.27%
Training and Leave Time	10.67%	10.08%	15.21%	13.11%	11.85%	13.75%	15.60%	15.54%
Direct Time	76.74%	77.10%	69.93%	73.83%	80.37%	78.84%	77.47%	75.19%

<sup>1</sup> Does not include consultant reports.

<sup>2</sup> Includes completed written reports only.

<sup>3</sup> Based on a report which will be done every 3-4 years.

<sup>4</sup> Auditor, intern, and administrative support hours converted to months

\* Does not include recommendations of 6 reports published from 1994 through 1997; implementation status of those reports will be evaluated during the next audit recommendation implementation review.

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## **PROJECTS COMPLETED IN 1999**

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<b>Risk Management*</b>	22

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\*Council-requested projects

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## 1999 PROJECTS

### Team Members

Harriet M. Richardson, Principal Management Auditor  
 Makoto (Mac) Fletcher, Principal Financial Auditor  
 Nancy McDaniel, Management Auditor  
 Risa Sandler, Management Auditor Intern  
 Maura Sullivan, Management Auditor Intern

<b>REPORT TITLE</b>	<b>Information Technology Planning, Development, and Implementation Processes</b>		<b>REPORT NUMBER</b>	99-01
<b>SCOPE</b>	<input checked="" type="checkbox"/> Financial Related	<input checked="" type="checkbox"/> Economy and Efficiency	<input checked="" type="checkbox"/> Compliance	<input checked="" type="checkbox"/> Program Results
	<input checked="" type="checkbox"/> Internal Control Review	<input type="checkbox"/> Special Study		
<b>OBJECTIVES</b>	The audit objectives were to determine the adequacy of the process used to select, plan, develop and implement information technology projects. Six projects were reviewed to evaluate the process.			
<b>HIGHLIGHTS</b>	<p>Significant audit findings and recommendations included:</p> <ul style="list-style-type: none"> <li>King County is not using a strategic plan to select technology projects to fund. As a result, projects are evaluated on their individual merit and short-term criteria (e.g., cost) rather than on how they meet the county's long-term technology needs.</li> <li>Because the project business cases were incomplete and lacked substance, projects were approved without an understanding of their costs, benefits or risks; the likelihood of scope creep was high; and there was little or no assurance that projects would be implemented and maintained within their established budgets. Also, project managers were not accountable for meeting project cost, performance and schedule goals; and there was no effort to build a reliable history of project costs and lessons learned to use to refine the technology management process.</li> <li>The Information Resource Council (IRC) structure is not effective in providing the level of project review needed to ensure that informed decisions are made regarding information technology projects, primarily because other demands on IRC members' time limited their ability to devote adequate time to make informed decisions about information technology projects.</li> </ul> <p><b>The audit recommended:</b></p> <ul style="list-style-type: none"> <li>The executive establish responsibility for developing and updating the information technology strategic plan; require the responsible entity to create a new strategic plan; develop a policy for considering projects not in the plan; define and clarify the components of a business case that must be submitted for project funding; establish a consistent process for screening, monitoring, and post implementation review; and build and maintain a history of projects to aid in future planning.</li> <li>The council choose to either retain the IRC with its current responsibilities and structure or a modify the IRC and add a permanent group of project review staff to provide technical assistance for planning and implementing projects. Based on the option chosen, the deputy county executive and ITS Division manager should modify the IRC and subcommittee charters to ensure adequate review and oversight of information technology projects or determine which activities will be provided by the IRC and which will be provided by the project review staff.</li> </ul>			
<b>TIME FRAME</b>	Start Date: 12/8/97	Completion Date: 4/8/99	Hours Spent: 3598	
<b>POTENTIAL BENEFITS</b>	<input checked="" type="checkbox"/> Financial Impact	<input checked="" type="checkbox"/> Internal Control Improvements	<input type="checkbox"/> Directly Recoverable Costs	<input checked="" type="checkbox"/> Operational Improvements
	<input checked="" type="checkbox"/> Policy Alternatives	<input type="checkbox"/> Other		

## 1999 PROJECTS

Team Members
Bobby Buyco, Senior Management Auditor

**REPORT TITLE****East Lake Sammamish Trail****REPORT NUMBER****99-02****SCOPE**☐

Financial Related

☐

Economy and Efficiency

☒

Compliance

☐

Program Results

☐

Internal Control Review

☒

Special Study

**OBJECTIVES**

The study objectives were to determine whether the purchase of the East Lake Sammamish Trail followed real property acquisition procedures established by the county and whether the purchase price was supported by independent appraisals.

**HIGHLIGHTS**

Study findings included:

- Appropriate property acquisition procedures appear to have been followed.
- The property appraisal appears to have been conducted professionally and independently. While the purchase price is almost double the price paid by the Land Conservancy of Seattle & King County (TLC) to the Burlington Northern & Santa Fe Railroad Company (BNSF), the purchase price is still significantly below the appraised property value.

**TIME FRAME**

Start Date:

3/2/99

Completion Date:

6/4/99

Hours Spent:

312

**POTENTIAL BENEFITS**☐

Financial Impact

☐

Internal Control Improvements

☐

Directly Recoverable Costs

☐

Operational Improvements

☐

Policy Alternatives

☒

Other: Compliance

## 1999 PROJECTS

	<b>Team Members</b>	
	Bert Golla, Senior Financial Auditor	

  

<b>REPORT TITLE</b>	<b>Bond Funded Capital Improvement Projects</b>	<b>REPORT NUMBER</b>	99-03
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<b>SCOPE</b>	<input checked="checked" type="checkbox"/> Financial Related	<input type="checkbox"/> Economy and Efficiency	
	<input type="checkbox"/> Compliance	<input type="checkbox"/> Program Results	
	<input type="checkbox"/> Internal Control Review	<input type="checkbox"/> Special Study	

  

<b>OBJECTIVES</b>	The audit objective was to review the status of various capital improvement projects that were funded by proceeds of King County general obligation bonds to determine if the projects that were undertaken and/or completed including project scope, budget, and schedule were consistent with the mandates of the county voters and ordinances adopted by the Metropolitan King County Council.
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<b>HIGHLIGHTS</b>	Audit findings and recommendations included: <ul style="list-style-type: none"> <li>Capital improvement and other projects funded by county bond proceeds generally met the mandates spelled out in the approved ballot propositions and ordinances that authorized the issuance and sale of unlimited and limited tax general obligation bonds.</li> <li>The county had about \$3,500,000 in excess fund balance from various CIP funds that could be available for other county capital projects or for transfer to the general obligation bond redemption fund. <b>The audit recommended that</b> the Department of Public Health, Department of Natural Resources, suburban cities, and the Budget Office should review their capital improvement needs and submit their recommendations, for how the excess funds should be used or reprogrammed, to the Metropolitan King County Council.</li> <li>Expenditures for bond-funded capital projects were not clearly accounted for in the established funds. <b>The audit recommended that</b> the Department of Finance should fully account for the costs of each authorized capital project funded by general obligation bond proceeds in the established fund regardless of whether there are other sources funding the same capital projects. Furthermore, the Department of Finance should develop a written accounting policy to address procedures relating to priority of disbursements for capital projects when general obligation bond proceeds are funding capital projects and are combined with other sources of funds.</li> <li>The facility to house public safety laboratories and marine patrol, a capital project approved to be funded with \$1,605,000 from the bond proceeds of the 1993 limited tax general obligation bonds, remained unacquired. <b>The audit recommended that</b> the Budget Office and Sheriff's Office should submit to the Metropolitan King County Council their recommendation(s) to either pursue or abandon the currently approved project and transfer the unspent amount to the limited general obligation bond redemption fund.</li> </ul>
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<b>TIME FRAME</b>	Start Date: 1/24/97	Completion Date: 6/4/99	Hours Spent: 2653
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<b>POTENTIAL BENEFITS</b>	<input checked="checked" type="checkbox"/> Financial Impact	<input type="checkbox"/> Internal Control Improvements	
	<input type="checkbox"/> Directly Recoverable Costs	<input checked="checked" type="checkbox"/> Operational Improvements	
	<input type="checkbox"/> Policy Alternatives	<input type="checkbox"/> Other	



## 1999 PROJECTS

		<b>Team Members</b>	
		Bobby Buyco, Senior Management Auditor	

  

<b>REPORT TITLE</b>	<b>King County Traffic Volume Forecast Model</b>	<b>REPORT NUMBER</b>	99-04
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<b>SCOPE</b>	<input type="checkbox"/> Financial Related	<input type="checkbox"/> Economy and Efficiency
	<input type="checkbox"/> Compliance	<input type="checkbox"/> Program Results
	<input type="checkbox"/> Internal Control Review	<input checked="" type="checkbox"/> Special Study

  

<b>OBJECTIVES</b>	<p>The study objectives were to determine whether: 1) the traffic volume forecast model used by the Department of Transportation is widely accepted and used by the public and private sectors; 2) reasonable internal controls are in place to assure the quality and integrity of forecasting model results; 3) relevant improvements were incorporated into the forecasting model; 4) transportation planning staff are qualified to competently apply and maintain the model; and 5) the model provides useful information for roads capital planning purposes.</p>
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<b>HIGHLIGHTS</b>	<p>Study findings and recommendations included:</p> <ul style="list-style-type: none"> <li>The county's traffic volume forecast model is widely accepted and used by state and local governments, academic institutions, and private consulting agencies.</li> <li>Internal control procedures could be strengthened to further assure the quality and validity of the concurrency test results. <b>The study recommended that</b> the Department of Transportation 1) evaluate its internal controls for the concurrency program to incorporate the controls suggested by the General Accounting Office, the Institute of Internal Auditors, and other associations; 2) develop policies and procedures to implement the internal controls developed above; 3) and establish timelines for the implementation of the internal controls. In addition, <b>the study recommended that</b> the department consider incorporating information regarding the results of the concurrency test and the standards used in the test on the concurrency certificate issued to the developer. Further, <b>the study recommended that</b> the department consider incorporating sensitivity analysis to its validation and calibration process to identify variables or factors that would have a significant impact on the model output.</li> <li>The Department of Transportation and the Puget Sound Regional Council incorporated 9 of 15 (60%) relevant improvements suggested by a 1996 transportation model study, and planned to incorporate the remaining improvements (40%). <b>The study recommended that</b> Department of Transportation continue its efforts to update and improve the quality and integrity of data used in the traffic volume forecast model.</li> <li>The Department of Transportation staff were qualified to apply and maintain the forecasting model.</li> <li>The county's traffic volume forecast model was useful for roads capital improvement planning purposes.</li> </ul>
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<b>TIME FRAME</b>	Start Date: 4/28/98	Completion Date: 3/26/99	Hours Spent: 1127
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<b>POTENTIAL BENEFITS</b>	<input type="checkbox"/> Financial Impact	<input checked="" type="checkbox"/> Internal Control Improvements
	<input type="checkbox"/> Directly Recoverable Costs	<input checked="" type="checkbox"/> Operational Improvements
	<input type="checkbox"/> Policy Alternatives	<input type="checkbox"/> Other

## 1999 PROJECTS

		Team Members	
		Paul Walker, Financial Auditor	
REPORT TITLE	Jail Overtime	REPORT NUMBER	99-05
SCOPE	<input type="checkbox"/> Financial Related	<input type="checkbox"/> Economy and Efficiency	
	<input type="checkbox"/> Compliance	<input type="checkbox"/> Program Results	
	<input type="checkbox"/> Internal Control Review	<input checked="" type="checkbox"/> Special Study	
OBJECTIVES	The objective of this study was to review overtime expenditures for the Department of Adult Detention from 1994 through 1998 to determine whether overtime expenditures have increased or decreased. The study also reviewed the department's status of exploring the feasibility of utilizing part-time corrections officer positions as recommended in the "Jail Overtime Study Follow-Up," Report No. 94-12.		
HIGHLIGHTS	Study findings and recommendations included: <ul style="list-style-type: none"><li>Overtime expenditures at County Correctional Facilities dropped from \$2.8 million to \$1.6 million (43%) from 1994 to 1996, but increased from \$1.6 million to \$3.2 million (103%) from 1996 to 1998. <b>The study recommended that</b> the Department of Adult Detention continue its efforts to monitor, review, and control overtime expenditures.</li><li>The Department of Adult Detention has not conducted a study to determine the feasibility of creating part-time corrections officer positions. <b>The study recommended that</b> Department of Adult Detention complete a study to determine the feasibility of employing part-time corrections officers. The Department of Adult Detention study should include the costs and benefits of part-time employees.</li></ul>		
TIME FRAME	Start Date: 7/12/96   Completion Date: 9/13/99   Hours Spent: 2221		
POTENTIAL BENEFITS	<input type="checkbox"/> Financial Impact	<input type="checkbox"/> Internal Control Improvements	
	<input type="checkbox"/> Directly Recoverable Costs	<input checked="" type="checkbox"/> Operational Improvements	
	<input type="checkbox"/> Policy Alternatives	<input type="checkbox"/> Other	

## 1999 PROJECTS

		<table border="1"> <tr> <th>Team Members</th> </tr> <tr> <td>Nancy McDaniel, Management Auditor</td> </tr> </table>		Team Members	Nancy McDaniel, Management Auditor				
Team Members									
Nancy McDaniel, Management Auditor									
REPORT TITLE	Disposition of Firearms	REPORT NUMBER	99-06						
SCOPE	<input type="checkbox"/> Financial Related <input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Internal Control Review	<input type="checkbox"/> Economy and Efficiency <input type="checkbox"/> Program Results <input checked="" type="checkbox"/> Special Study							
OBJECTIVES	The objectives of the study were to determine if the county's practices in the disposition of firearms were in compliance with state and local laws and to evaluate the financial impact of those practices.								
HIGHLIGHTS	Study findings and recommendations included: <ul style="list-style-type: none"> <li>The Sheriff's Office is not complying with King County Code requirements for the disposition and trade of firearms. Forty-one percent of the weapons traded since 1997 were handguns that should have been destroyed per the code. <b>The study recommended that</b> the Sheriff's Office rewrite its Standard Operating Procedures to be consistent with the county code.</li> <li>Since 1997, the Sheriff's Office has traded over 2,000 weapons for \$156,000 worth of equipment, acquiring all of its new weapons through trades. However, compliance with the code will reduce revenues from trades by approximately one-third.</li> <li>The code requirements for disposition of firearms are based in part on assumptions that were true in 1993 but that are becoming immaterial. Consequently, the County Council may want to revisit the issue of which firearms should be destroyed and which should be traded.</li> <li>The Property Management Unit does not have an automated inventory system, making it time-consuming and inefficient to track weapons. <b>The study recommended that</b> the Sheriff's Office complete implementation of its automated inventory system by February 2000. This system will issue a unique sequential number to every gun as it enters the unit, which is a crucial inventory control. Implementation should include a review of the inventory process in order to eliminate redundant data entry.</li> </ul>								
TIME FRAME	<table border="1"> <tr> <td>Start Date: 3/8/99</td> <td>Completion Date: 9/10/99</td> <td>Hours Spent: 638</td> </tr> </table>			Start Date: 3/8/99	Completion Date: 9/10/99	Hours Spent: 638			
Start Date: 3/8/99	Completion Date: 9/10/99	Hours Spent: 638							
POTENTIAL BENEFITS	<table border="1"> <tr> <td><input type="checkbox"/> Financial Impact</td> <td><input checked="" type="checkbox"/> Internal Control Improvements</td> </tr> <tr> <td><input type="checkbox"/> Directly Recoverable Costs</td> <td><input type="checkbox"/> Operational Improvements</td> </tr> <tr> <td><input checked="" type="checkbox"/> Policy Alternatives</td> <td><input checked="" type="checkbox"/> Other: Compliance</td> </tr> </table>			<input type="checkbox"/> Financial Impact	<input checked="" type="checkbox"/> Internal Control Improvements	<input type="checkbox"/> Directly Recoverable Costs	<input type="checkbox"/> Operational Improvements	<input checked="" type="checkbox"/> Policy Alternatives	<input checked="" type="checkbox"/> Other: Compliance
<input type="checkbox"/> Financial Impact	<input checked="" type="checkbox"/> Internal Control Improvements								
<input type="checkbox"/> Directly Recoverable Costs	<input type="checkbox"/> Operational Improvements								
<input checked="" type="checkbox"/> Policy Alternatives	<input checked="" type="checkbox"/> Other: Compliance								

## 1999 PROJECTS

<table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <th style="padding: 2px 5px;">Team Members</th> </tr> <tr> <td style="padding: 2px 5px;">Susan Baugh, Principal Management Auditor</td> </tr> <tr> <td style="padding: 2px 5px;">Risa Sandler, Management Audit Intern</td> </tr> </table>		Team Members	Susan Baugh, Principal Management Auditor	Risa Sandler, Management Audit Intern						
Team Members										
Susan Baugh, Principal Management Auditor										
Risa Sandler, Management Audit Intern										
<b>REPORT TITLE</b>	<b>Metro Transit Vehicle Maintenance Operations</b>		<b>REPORT NUMBER</b>	99-07						
<b>SCOPE</b>	<input type="checkbox"/> Financial Related	<input checked="" type="checkbox"/> Economy and Efficiency								
	<input type="checkbox"/> Compliance	<input checked="" type="checkbox"/> Program Results								
	<input type="checkbox"/> Internal Control Review	<input type="checkbox"/> Special Study								
<b>OBJECTIVES</b>	The primary audit objectives were to evaluate the effectiveness of Metro Transit's vehicle maintenance policies and practices, and to compare Metro Transit's vehicle maintenance performance to those of other major transit organizations.									
<b>HIGHLIGHTS</b>	Audit findings and recommendations included: <ul style="list-style-type: none"> <li>Metro Transit's unit maintenance costs were only slightly higher than the average of peer transit systems' unit costs, but total maintenance costs were considerably higher than average. <b>The audit recommended that</b> Metro Transit continue to promote uniformity in its fleet as older buses are replaced to reduce its maintenance costs, including materials costs, and to improve the reliability of its fleet.</li> <li>Although the timeliness of Metro Transit's preventive maintenance inspections was excellent, the quality of the inspections program needs to be improved. <b>The audit recommended that</b> Metro Transit continue to refine its new quality assurance program to ensure that its inspections and maintenance standards are maintained.</li> <li>Metro Transit's Vehicle Maintenance Section's accident safety record was excellent. However, Metro Transit's service reliability declined during the past five years and was below the peer system average due to an older fleet and inconsistent maintenance performance. <b>The audit recommended that</b> Metro Transit continue to implement more consistent reviews of completed inspections and repairs.</li> <li>Metro Transit's total maintenance work hours were higher than average based upon reported work hours, but lower based on service units. In addition, maintenance management and reporting needs to be improved. <b>The audit recommended that</b> Metro Transit review its current practices to determine why its service reliability rates are not consistent with its higher productivity levels. Metro Transit should also allocate overtime resources to reduce mechanical problems that result in service interruptions; establish shop rate standards for routine tasks, and improve its management information system to facilitate management monitoring.</li> <li>Metro Transit's materials costs were substantially higher in 1997 than the peer transit systems average costs and twice the peer transit system average costs per vehicle mile and maximum service bus. <b>The audit recommended that</b> Metro Transit implement materials management practices that will effectively reduce costs to levels consistent with the other peer transit systems.</li> <li>Metro Transit's materials and parts inventory management practices, and inventory controls were not effective, resulting in excessive parts purchasing, poor inventory performance, and inefficient use of taxpayer resources. <b>The audit recommended that</b> Metro Transit adopt best materials and parts inventory management practices to reduce its costs and improve its inventory turn rate and record accuracy rate.</li> </ul>									
<b>TIME FRAME</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;">Start Date:</td> <td style="padding: 2px 5px;">8/25/97</td> <td style="padding: 2px 5px;">Completion Date:</td> <td style="padding: 2px 5px;">9/17/99</td> <td style="padding: 2px 5px;">Hours Spent:</td> <td style="padding: 2px 5px;">2169</td> </tr> </table>				Start Date:	8/25/97	Completion Date:	9/17/99	Hours Spent:	2169
Start Date:	8/25/97	Completion Date:	9/17/99	Hours Spent:	2169					
<b>POTENTIAL BENEFITS</b>	<input checked="" type="checkbox"/> Financial Impact	<input type="checkbox"/> Internal Control Improvements								
	<input type="checkbox"/> Directly Recoverable Costs	<input checked="" type="checkbox"/> Operational Improvements								
	<input type="checkbox"/> Policy Alternatives	<input type="checkbox"/> Other								

## 1999 PROJECTS

		<b>Team Members</b>							
		Susan Baugh, Principal Management Auditor							
<b>REPORT TITLE</b>	<b>Roads/Transit Consolidation Opportunities</b>	<b>MANAGEMENT LETTER</b>	7/22/99						
<b>SCOPE</b>	<input type="checkbox"/> Financial Related <input type="checkbox"/> Compliance <input type="checkbox"/> Internal Control Review	<input checked="" type="checkbox"/> Economy and Efficiency <input type="checkbox"/> Program Results <input checked="" type="checkbox"/> Special Study							
<b>OBJECTIVES</b>	<p>The primary objective of the review was to determine whether additional functions within the Metro Transit Division and Road Services Division could be consolidated, including the management and accounting reporting systems, to promote greater cost-effectiveness or efficiency in the delivery of county transit and roads services. In addition, audit staff reviewed the planning functions that were consolidated in 1996 to determine whether the combined functions were operating effectively.</p>								
<b>HIGHLIGHTS</b>	<p>Study findings and recommendations included:</p> <ul style="list-style-type: none"> <li>Consolidation opportunities within the Department of Transportation were limited due to inherent differences in the Metro Transit and Road Services Divisions' operations.</li> <li>Additional Metro Transit Design and Construction and Road Engineering Services consolidation opportunities were limited due to significant workload volumes created by the public demand for transportation services. However, the potential consolidation of pavement design services may be feasible in the event of a significant downturn in workload volumes. <b>Audit staff recommended that</b> Department of Transportation management explore opportunities to consolidate pavement design services required for Metro Transit Passenger Facilities Program with Road Engineering Services after the county-wide classification and compensation program is implemented, particularly if there is a significant downturn in workload volume for the Road Engineering Services Section.</li> <li>Based on county policy, the merger of the Metro Transit capital planning and King County long-range transportation planning functions was successful after some initial adjustments.</li> <li>The Department of Transportation has two management reporting and accounting systems which were not compatible and resulted in significant reporting differences. However, both systems will be replaced with the county's new financial management system. <b>Audit staff recommended that</b> after the new financial system is implemented, Department of Transportation management implement a Metro Transit Division management information system that provides detailed reporting at the project and task levels and allows for active monitoring of project costs and schedules. An effort should be made to provide a consistent level of management information and reporting for both divisions at that time.</li> </ul>								
<b>TIME FRAME</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Start Date: 3/8/99</td> <td style="width: 33%;">Completion Date: 7/22/99</td> <td style="width: 33%;">Hours Spent: 312</td> </tr> </table>			Start Date: 3/8/99	Completion Date: 7/22/99	Hours Spent: 312			
Start Date: 3/8/99	Completion Date: 7/22/99	Hours Spent: 312							
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<input type="checkbox"/> Financial Impact	<input type="checkbox"/> Internal Control Improvements								
<input type="checkbox"/> Directly Recoverable Costs	<input type="checkbox"/> Operational Improvements								
<input checked="" type="checkbox"/> Policy Alternatives	<input type="checkbox"/> Other								

## 1999 PROJECTS

		Team Members	
		Makoto (Mac) Fletcher, Principal Financial Auditor	
REPORT TITLE	Airport Accounting Practices	MANAGEMENT LETTER	11/15/99 9
SCOPE	<input checked="" type="checkbox"/> Financial Related	<input type="checkbox"/> Economy and Efficiency	
	<input type="checkbox"/> Compliance	<input type="checkbox"/> Program Results	
	<input type="checkbox"/> Internal Control Review	<input type="checkbox"/> Special Study	
OBJECTIVES	The objective of the study was to review the Airport's current accounting practices to ensure that they meet established standards and procedures and that they allow for an accurate assessment of the financial transactions and condition of the county's airport fund(s).		
HIGHLIGHTS	Study findings included: <ul style="list-style-type: none"><li>• A consistent procedure to determine the fund balance was not used. However, subsequent staffing and procedural enhancements have resolved the issue.</li><li>• Current Airport accounting practices meet established standards and procedures.</li></ul>		
TIME FRAME	Start Date: 3/2/99   Completion Date: 11/15/99   Hours Spent: 135		
POTENTIAL BENEFITS	<input type="checkbox"/> Financial Impact	<input type="checkbox"/> Internal Control Improvements	
	<input type="checkbox"/> Directly Recoverable Costs	<input type="checkbox"/> Operational Improvements	
	<input type="checkbox"/> Policy Alternatives	<input checked="" type="checkbox"/> Other: Improved Reporting	

# 1999 PROJECTS

		<b>Team Members</b> John T. Doolittle & Associates, Inc. Porter & Associates, Inc.	
<b>REPORT TITLE</b>	<b>Transit Management</b>	<b>REPORT NUMBER</b>	<b>Consultant Audit</b>
<b>SCOPE</b>	<input checked="" type="checkbox"/> Financial Related	<input checked="" type="checkbox"/> Economy and Efficiency	
	<input checked="" type="checkbox"/> Compliance	<input checked="" type="checkbox"/> Program Results	
	<input type="checkbox"/> Internal Control Review	<input type="checkbox"/> Special Study	
<b>OBJECTIVES</b>	The audit objectives were to evaluate the integration of the Transit Division into the structure of the county, to identify potential efficiencies affecting Transit Division operations, to evaluate the Transit Division's implementation of county policies and its own financial policies and plans, and to evaluate the effectiveness of the Transit Division's management controls.		
<b>HIGHLIGHTS</b>	<p>Significant audit findings and recommendations included:</p> <ul style="list-style-type: none"> <li>• The merger of Municipality of Metropolitan Seattle (Metro) and King County created a more decisive policy-making structure.</li> <li>• Transit performance compares favorably to peers and to historical trends.</li> <li>• One important residual policy of the Metro Council remains in effect; the Comprehensive Plan for Public Transportation.</li> <li>• Although the Transit Division complies with county policy, county policies are often imposed without due regard to transit.</li> <li>• Organizational changes since the merger have fragmented transit management and reduced accountability.</li> <li>• The Six-Year Plan was not sufficiently oriented to management issues and the implementation of Services and Capital Projects.</li> <li>• The structure of financial policies and plans is adequate, but forecasts are materially inaccurate due to consistent under-spending of the capital program.</li> <li>• Management controls do not provide adequate visibility of the effectiveness of the Six-Year Plan strategies.</li> </ul> <p><b>The audit recommended that</b> the county delegate more authority to the transit function, and establish transit as a stand-alone department for three reasons:</p> <ul style="list-style-type: none"> <li>• It would elevate the priority transit receives in the development of Executive policy;</li> <li>• It would provide a more direct route for resolving operational problems that span the responsibility of two or more departments; and</li> <li>• It would sharpen the focus of transportation management to an area in which the county has predominant control (transit) and an area in which it has comparatively lower standing (multi-modal transportation).</li> </ul> <p>A variety of organizational and policy changes, of more limited scope, were also recommended to resolve specific operational issues. Recommendations included developing an integrated accounting system; adopting a financial policy for the county's Public Transportation Fund that links the capital program in the Six-Year Plan to the capital project appropriations process; and establishing a process for the annual review of Metro Transit's performance using industry recognized performance measures.</p>		
<b>TIME FRAME</b>	Start Date: 10/21/98    Completion Date: 9/17/99    Hours Spent: 1742		
<b>POTENTIAL BENEFITS</b>	<input checked="" type="checkbox"/> Financial Impact	<input type="checkbox"/> Internal Control Improvements	
	<input type="checkbox"/> Directly Recoverable Costs	<input checked="" type="checkbox"/> Operational Improvements	
	<input checked="" type="checkbox"/> Policy Alternatives	<input type="checkbox"/> Other	

## 1999 PROJECTS

		Team Members				
		Garner Consulting				
REPORT TITLE	Employee Benefits	REPORT NUMBER	Consultant Audit			
SCOPE	<input type="checkbox"/> Financial Related	<input type="checkbox"/> Economy and Efficiency				
	<input type="checkbox"/> Compliance	<input checked="" type="checkbox"/> Program Results				
	<input type="checkbox"/> Internal Control Review	<input type="checkbox"/> Special Study				
OBJECTIVES	<p>The audit objective was to comprehensively review and analyze the county's self-insured benefit plans, i.e., benefit policy, reserves, administrative costs, plan design and costs, actuarial fees, and administration.</p>					
HIGHLIGHTS	<p>Audit findings and recommendations included:</p> <ul style="list-style-type: none"> <li>• The amount of the county's incurred-but-not-reported reserve (IBNR) calculated by an actuary is adequate without being excessive.</li> <li>• As of the end of June 1999, the IBNR is no longer fully funded, as required by the State.</li> <li>• The county has other assets that could be used in an emergency, but the reserves are primarily designated for other purposes and would have to be repaid to whatever fund they were borrowed from.</li> <li>• The county's administrative costs are reasonable.</li> <li>• The county has a generous health benefit program compared to other governmental agencies in Washington.</li> <li>• The county's costs for its freedom-of-choice medical plans (the PPOs and point-of-service plans) are reasonable, given their value.</li> <li>• The county is doing a better than average job negotiating with its HMOs.</li> <li>• The county's actuarial fees are reasonable.</li> <li>• The Benefits and Well-Being Section of the Office of Human Resources Management (Benefits Office) has a knowledgeable and talented leadership team, which has already recognized a number of opportunities for improvement, such as training staff and documenting procedures and is also doing an excellent job in communication with employees.</li> </ul> <p><b>The audit recommended that</b> the county develop a formal benefit philosophy, formalize its appeal procedures in writing, and conduct regular audits of its third party plan administrators.</p>					
TIME FRAME	<table border="1"> <tr> <td>Start Date: 2/8/99</td> <td>Completion Date: 10/13/99</td> <td>Hours Spent: 344</td> </tr> </table>			Start Date: 2/8/99	Completion Date: 10/13/99	Hours Spent: 344
Start Date: 2/8/99	Completion Date: 10/13/99	Hours Spent: 344				
POTENTIAL BENEFITS	<input type="checkbox"/> Financial Impact	<input type="checkbox"/> Internal Control Improvements				
	<input type="checkbox"/> Directly Recoverable Costs	<input checked="" type="checkbox"/> Operational Improvements				
	<input type="checkbox"/> Policy Alternatives	<input type="checkbox"/> Other				



## 1999 PROJECTS

Team Members						
Advanced Risk Management Techniques, Inc. (ARMTECH)						
<b>REPORT TITLE</b>	<b>Risk Management</b>	<b>REPORT NUMBER</b>	<b>Consultant Audit</b>			
<b>SCOPE</b>	<input type="checkbox"/> Financial Related	<input checked="" type="checkbox"/> Economy and Efficiency				
	<input type="checkbox"/> Compliance	<input checked="" type="checkbox"/> Program Results				
	<input type="checkbox"/> Internal Control Review	<input type="checkbox"/> Special Study				
<b>OBJECTIVES</b>	<p>The audit objectives were to review the county's administrative procedures used to prevent or reduce risk, to review the financial impact of such risk to the county, and to manage claims activities. The review will include, but not be limited to, loss control efforts, claims administration, purchased insurance, adequacy of reserve for potential losses and the cost of risk including program design, administration, settlement costs, etc.</p>					
<b>HIGHLIGHTS</b>	<p>Significant audit findings and recommendations included:</p> <ul style="list-style-type: none"> <li>• The level of risk costs for King County indicate that it is effectively managing risk.</li> <li>• Additional funding for the loss control contingency fund would allow Risk Management to have a greater impact. <b>The audit recommended that</b> the loss contingency fund should be tripled to \$300,000.</li> <li>• Neither Risk Management or Safety and Claims have procedures manuals. <b>The audit recommended</b> development of procedures manuals.</li> <li>• Accepted claims handling standards referring contact with all claimants within 24 hours of the receipt of loss notice are not being met. <b>The audit recommended that</b> the county adopt the 24-hour standard.</li> <li>• The county could save \$200,000 annually by bringing Metro liability claims in-house. <b>The audit recommended that</b> the county process Metro liability claims.</li> <li>• The county's funding for liability losses has been adequate and not excessive.</li> <li>• The county's actuary projects workers compensation outstanding losses to be \$9 million greater than reflected in the county's financial statements. <b>The audit recommended that</b> the county should use the actuarial estimate rather than in-house estimation which does not use actuarial procedures.</li> </ul>					
<b>TIME FRAME</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Start Date: 2/8/99</td> <td style="width: 33%;">Completion Date: 10/13/99</td> <td style="width: 33%;">Hours Spent: 437</td> </tr> </table>			Start Date: 2/8/99	Completion Date: 10/13/99	Hours Spent: 437
Start Date: 2/8/99	Completion Date: 10/13/99	Hours Spent: 437				
<b>POTENTIAL BENEFITS</b>	<input checked="" type="checkbox"/> Financial Impact	<input type="checkbox"/> Internal Control Improvements				
	<input type="checkbox"/> Directly Recoverable Costs	<input checked="" type="checkbox"/> Operational Improvements				
	<input type="checkbox"/> Policy Alternatives	<input type="checkbox"/> Other				

## **APPENDICES**

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## **APPENDIX 1**

### **KING COUNTY HOME RULE CHARTER SECTION 250**

The county auditor shall be appointed by a majority of the county council, and shall be responsible to the council for conducting, or causing to be conducted, independent post audits of county agencies for the purpose of reporting to the council regarding the integrity of the function of the financial management system, the quality and efficiency of agency management, and the effectiveness of programs. In carrying out this purpose, the auditor shall perform the following audits within guidelines established by the county council by ordinance: financial and compliance audits to supplement those performed by the state pursuant to general law, economy and efficiency audits, and program result audits. The auditor shall report the results of each agency audit to the county council. Annual audits shall continue to be performed by the state in accordance with general law.

The organization and administration of the auditor's office shall be sufficiently independent to assure no interference or influence external to the organization shall adversely affect an independent and objective judgment of the auditor and shall be provided a discrete budget and staffing allocation.

[As amended in 1988]

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## APPENDIX 2

### KING COUNTY CODE

#### Chapter 2.20 COUNTY AUDITOR

##### Sections:

2.20.005	Audit office established.
2.20.010	Appointment.
2.20.015	Auditor selection process.
2.20.020	Qualifications.
2.20.030	Term of office.
2.20.035	Types of audits.
2.20.040	Scope of authority.
2.20.045	Audit work program.
2.20.050	Reporting of formal audits.
2.20.060	Oath administration.
2.20.070	Violation enjoinder.
2.20.080	Staff.

**2.20.005 Audit office established.** There is hereby established within the legislative branch, pursuant to Section 250 of the King County charter, the county audit office. The organization and administration of the audit office shall be sufficiently independent to assure that no interference or influence external to the office shall adversely affect an independent and objective judgment by the auditor. The office shall be generally responsible for assisting the county council in its oversight function through the conduct of financial and management audits of county agencies under the directorship of the county auditor. The office shall be provided a discrete budget and staffing allowance. (Ord. 8264 § 1, 1987).

**2.20.010 Appointment.** The King County auditor shall be appointed by a majority of the council following a selection and screening process as herein described. (Ord. 8264 § 2, 1987; Ord. 394 § 1, 1970).

**2.20.015 Auditor selection process.** A. The selection process shall include at a minimum the following:

1. Review and update of the auditor's job classification description.
2. Advertise regionally the availability of the position.
3. Establishment of an ad hoc auditor screening committee responsible for the screening and preliminary interviewing of candidates.
4. Final interview and selection of appointee by the council.

B. The auditor screening committee shall be composed of five members appointed by the council and selected as follows:

1. Two members from either a private sector accounting firm or other government agency with experience in accounting and financial management operations, preferably certified public accountants.
2. Two members from either private sector or non-profit organizations with executive experience and a background in program evaluation.

## APPENDIX 2 (Continued)

3. One member who is a non-elected member of the legislative branch.

C. The screening committee shall screen, interview and score applicants for the auditor position, making a slate of the top five ranking candidates for the council's consideration. The committee shall also be formed to make recommendations to the council on any decision to reappoint the auditor. (Ord. 8264 § 3, 1987).

**2.20.020 Qualifications.** The auditor selected shall be a person able to analyze problems of fiscal controls, management and administration and public policy and shall not be actively involved in partisan affairs. (Ord. 394 § 2, 1970).

**2.20.030 Term of office.** The auditor shall serve a term of four years, or for a specified period less than four years which shall be set by the majority of the council at the time of appointment, unless removed for cause at any time by vote of two-thirds majority of the council, and shall be reconsidered for reappointment at the end of the term of office. (Ord. 3455 § 1, 1977: Ord. 394 § 3, 1970).

**2.20.035 Types of audits.** The auditor, as a minimum, shall be responsible for performing the following types of audits:

A. Financial and compliance audits - to determine whether financial operations are being properly conducted, whether the financial reports of the audited agency are presented fairly, and whether the agency has complied with the applicable laws and regulations. These audits shall be used to supplement the financial and compliance audits conducted by the state pursuant to statute.

B. Economy and efficiency audits- to determine whether the agency is managing or utilizing its resources in an economical and efficient manner, and the causes of any inefficiencies or uneconomical practices.

C. Program results audits - to determine whether the desired results or benefits are being achieved, whether the objectives established by the council are being met, and whether the agency has considered alternatives which might yield desired results at a lower cost.

D. Special studies - essentially informally conducted audits used to evaluate program effectiveness or efficiency under specific circumstances or when directed by the council. (Ord. 8264 § 4, 1987).

**2.20.040 Scope of authority.** The county auditor shall perform the following functions and be charged with the following responsibilities for the council. Council review and control of county administration consists of all methods and procedures used by the legislative body to secure faithful, efficient and effective administration of county programs. The following summary of objectives shall be the audit functions:

A. To determine the extent to which legislative policies are being faithfully, efficiently and effectively implemented by administrative officials. From this oversight process, there may be developed information necessary for the council to take corrective action with respect to administration or to revise legislative policies if they are found to be inappropriate or inadequate;

B. To determine whether county programs are achieving their desired objectives. This step may provide information on the need for changing, deleting or modifying programs or program elements through additional legislation;

## APPENDIX 2 (Continued)

C. To review both the administrative control and executive control systems as established by the agency or department heads and by the county executive respectively, and to determine that such control systems are adequate and effective in accomplishing their objectives. Through the review of the control systems the council will be better able to judge whether an agency is organized and administered in such a way as to be able to competently carry out its responsibility;

D. To hold accountable county officials in their use of public funds and other resources at their disposal. This includes examination of financial statements and the legality and prudence of expenditures; the efficient use of all resources including the elimination of wasteful practices; and the satisfactory implementation of program;

E. To investigate whether or not laws are being administered in the public interest, to determine if there have been abuses of discretion, arbitrary actions, or errors of judgments; and to encourage diligence on the part of administrative officials;

F. To submit reports to the council resulting from periodical post audits of each department or account. The auditor shall have access to the books and accounts of all county departments, officials or employees charged with the receipt, custody or safekeeping of public funds;

G. To give information to the county council whenever required upon any subject relating to the financial affairs of the county;

H. To make periodic reports to the council which shall include and not be limited to the following:

1. To determine whether departments, officials and employees, in making expenditures, have complied with the will of the council, state laws and the State Constitution,

2. To give information of proposals as he deems expedient in support of the county's credit, as well as make recommendation for lessening expenditures, for promoting frugality and economy in county affairs and for an improved level of fiscal management,

3. To report matters concerning the effectiveness and efficiency of the programs and operation of the county,

4. To be empowered to take exception to improper specific expenditures incurred by any department or person,

5. To promptly report any irregularities to the county council;

I. To examine and inspect all books, records, files, papers, documents and information stored on computer records relating to all financial affairs of every office and department, political subdivision and organization which receive appropriations from the county. The auditor, subject to council approval, may require any person to appear before him at any time when given proper notification to produce any accounts, books, records, files and papers but not including personal papers in the possession or control of such person as shall appear to be unnecessary for the purpose of the examination and not kept as a part of his public responsibilities. If such person fails to produce the aforementioned papers, then the auditor, subject to council approval, may cause a search to be made and exhibits to be taken from any book, paper or record in the custody of any such person or public official without paying any fee except for reproduction costs; and every office having the custody of such books, records, files, papers and documents shall make a search and forward such exhibits as heretofore requested. (Ord. 1565 § 1, 1973: Ord. 394 § 4, 1970).



## APPENDIX 2 (Continued)

**2.20.045 Audit work program.** A. The council shall review and approve annually by motion a work program prepared by the auditor for the auditor's office. The work program shall include the various types of audits and any recommended special studies to be conducted and managed by the auditor. It shall also include any analytical staff work directed by the council which would fall outside of the regular definition of an audit or special study.

B. The council may move to amend the approved annual work plan to meet special circumstances as they may arise. However, no council initiated change to the work plan shall be made that adversely affects an audit or study in progress without the recommendation of the auditor.

C. If the auditor determines that there is serious concern regarding fraud, abuse or illegality, or that the scope of an audit or study in progress should be expanded as the result of any findings, the auditor is authorized to initiate spontaneously and conduct, or expand the scope of, an audit beyond that approved in the work program. The auditor shall notify the council of the change. (Ord. 8264 § 5, 1987).

**2.20.050 Reporting of formal audits.** A. The audit will be designed to define the performance of the agency in accordance with council and executive policy.

B. The audit will result in all cases in a written report. The report will detail those findings which are positive or negative observations concerning the agency's performance. The county executive and the county administrative officer will review the preliminary draft to amplify or clarify various issues and to offer additional recommendations. Matters of evaluation of performance other than these will not be the subject of preliminary review.

C. With technical changes incorporated, the audit report is to be finalized and sent to the agency, and/or the county executive for review. Two weeks after receiving the audit, the subject agency will be required to send a written reply to the auditor, detailing:

1. Disagreement with the findings which might explain agency action that is apparently inconsistent with policy;

2. Agency action which will be taken to correct deficiencies cited. In this regard, the agency will establish commitments in terms of dates by which changes will be incorporated.

D. Fourteen calendar days after delivering the report to the agency, the auditor shall release the report to the county council members for their review. If no agency response is included, the auditor will note this and the reason, if known.

E. The council shall designate a committee to receive and review all audits and special studies. That committee shall also be charged with providing on-going oversight for the performance of the office including the development of the work program.

F. After the release of the audit to the council, the auditor will file a copy as matter of public record with the records and elections division. (Ord. 8264 § 6, 1987; Ord. 1193 § 1, 1972; Ord. 682, 1971; Ord. 394 § 5, 1970).

**2.20.060 Oath administration.** The auditor may administer oaths to persons summoned to appear before him and may question such persons, under oath, concerning receipts and expenditures of moneys and concerning all other things and matters necessary for the due execution of the duties vested in him by this chapter. (Ord. 1565 § 2, 1973).

## APPENDIX 2 (Continued)

**2.20.070 Violation injunction.** Notwithstanding the existence or use of any other remedy, the county auditor may seek regular or equitable relief to enjoin any acts or practices and abate any conditions which constitute or will constitute a violation of this code or other regulations wherein adopted. (Ord. 1565 § 3, 1973).

**2.20.080 Staff.** The auditor, with consultation of the council, may employ staff assistants, clerical personnel or use services of public accounting firms or consultants as may be necessary for conduct of his office. (Ord. 1565 § 4, 1973).

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## APPENDIX 3

### 2000 AUDITOR'S OFFICE WORK PROGRAM

#### CARRIED OVER FROM 1999

- **Department of Construction & Facilities Management**

The objective of this study is to determine whether the assumptions used to justify combining the Department of Construction and Facilities Management and the Facilities Management Division into an internal service fund have been realized.
- **Transfer Station Safety and Injury Claims**

Review transfer station safety and injury claims and determine the effectiveness of the Solid Waste Division and the Safety and Claims Management Program in resolving such claims.
- **School Impact Fees**

Review a sample of school districts' reported estimates of construction and land costs to determine whether they are reasonably stated and consistent with their CIPs, and determine whether the county has an adequate system for evaluating information provided.
- **Audit Recommendation Implementation**

Review audit recommendations made in 1994, 1995, and 1996, and determine whether they were implemented by the Executive branch agencies.
- **Pacific Medical Center**

Review the county's interlocal agreement with Pacific Medical Center (PacMed) to ensure that provisions of the agreement are being adhered to by PacMed and that the county is monitoring the agreement. In addition, determine if the Beacon Hill facility's lease is in compliance with the interlocal agreement.
- **Sheriff's Office Budget**

Evaluate the Sheriff's Office 1998 budget to determine reasons that budget overspending occurred and evaluate the county policies and agency practices that may have contributed to the overexpenditure.
- **Office of Human Resources**

Review the Office of Human Resources practices regarding the posting, advertising, recruitment, interviewing and promotion for vacant career service positions.
- **Department of Development and Environmental Services (DDES) Management Practices**

Evaluate DDES management review of permit approval for single family homes, permit backlogs, permit issuance delays, and DDES responses to public disclosure requests.

## **APPENDIX 3 (Continued)**

- **Department of Adult Detention Internal Investigations Unit**  
Review and evaluate the operations of the Department of Adult Detention's Internal Investigations Unit. (This project will not begin until after Adult Detention's contractor completes work and audit staff reviews the contractor's work.)
  - **DDES Grading Function**  
Review and evaluate the DDES response to complaints of grading code violations, effectiveness of referral to Code Enforcement for administrative processing of sanctions, e.g., notice and order (to comply/correct), assessment of civil penalties, and success in achieving compliance. (The Palmer Junction gravel pit will be included in the review.)
- COUNCIL REQUESTED 2000**
- **Vanpool Program**  
Review the vanpool program to determine the reasonableness of van replacement and surplus practices.
  - **EIS Consultants**  
Review projects over \$50,000 that involved an environmental impact statement (EIS) and determine whether consultants who performed the EIS were involved in related project construction work.
  - **Environmental Health Division**  
Review customer service responses by the Environmental Health Division in relation to building permit applications.
  - **Columbia Public Interest Policy Institute**  
A review and audit of the Institute's financial records and performance of contract.
  - **Department of Construction & Facilities Management**  
Review the financial and management practices of the Capital Planning and Development Division to determine reasons that capital facility planning and facility leasing levels have been inconsistent with original scope, schedule, and budget assumptions over the past four years.

## **APPENDIX 3 (Continued)**

### **STAFF SUGGESTED 2000**

- **Audit Risk Assessment**  
Develop a risk assessment tool based on selected criteria and use it to conduct a risk assessment of all King County agencies to identify audit areas of highest potential exposure for potential inefficient operations or uneconomical practices. The resulting assessment would provide a ranking for use by the council in determining the annual Auditor's Office Work Program.
- **Automated Fingerprint Identification Fund (AFIS)**  
Determine whether AFIS funds are being utilized in a manner consistent with voter mandate.
- **Emergency Management Division**  
Determine whether the Emergency Management Division, Radio Communication Services, and Enhanced 911 Program funds are being administered efficiently and effectively in accordance with program objectives.
- **Implementation of Logan Knox Settlement Agreement**  
Review the county's implementation of the Logan Knox agreement to determine the county's compliance with the agreement.
- **E Services Provided to County Residents**  
Evaluate the county's web site to assess its ease of use for county residents and to identify areas where it could potentially be improved to maximize the provision of county services to residents through the Internet.
- **Reimbursable Non-Travel Expenses to Employees**  
Review non-travel expenses, such as memberships and training, to determine if they are reasonable, incurred for eligible county purposes, and adequately documented. Also, review to ensure that employees are reimbursed on a timely basis.
- **County Aquatics Program**  
Review and evaluate management and operational procedures, including financial control practices, of the County Aquatics Program.

### **CONSTRUCTION MANAGEMENT AUDITS 2000**

- **Harborview Medical Center**  
Evaluate construction management practices related to the Harborview Medical Center project. (Consultant)
- **Regional Justice Center**  
Evaluate construction management practices related to the Regional Justice Center project. (Consultant)

## APPENDIX 3 (Continued)

### **ON-GOING PROJECTS**

- **Financial Systems Replacement Program (FSRP) Monitoring**  
Monitor the implementation of the Financial Systems Replacement Program on a regular basis and comment on all quarterly progress reports submitted by the executive branch. (Consultant)
- **FSRP Legislative Branch Coordination**  
Provide support to the FSRP as legislative branch representative and ensure that legislative branch needs are met through the new financial system. Provide support variously as department sponsor, training coordinator, business process reviewer and approver, and other roles as necessary.
- **Performance Measures**  
Monitor Executive branch development of performance measures and selectively verify data for such measures.

## **REPORTS BY THE KING COUNTY AUDITOR'S OFFICE**

### **1980 - 1991**

- 1980** Police Officer Hiring Process (M)  
Accounts Payable System (F)  
Public Works Equipment Rental and Revolving Fund (M/F)  
Financial Management of Forward Thrust Bond Proceeds and General Obligation Bond Levy Monies (M/F)
- 1981** Housing Programs Study (S)  
Harborview Medical Center 1977 Construction Capital Project Fund (F)  
King County Budget Process (M)  
King County Jail Cash Management Functions (F)  
Emergency & Inpatient Alcoholism Treatment Programs (M)  
King County Park Operations (M)  
1980 Year-End Expenditure Transactions (F)
- 1982** Investment Program Internal Controls (F)  
King County Jail Cash Mgmt. Functions (F)  
Police Staffing, Allocation & Scheduling Audit (M)  
Cash Management of Federal Funds (F)  
King County Park Acquisition and Development Fund, 1968-1981 (F)  
City of Seattle Park Acquisition and Development Fund, 1968-1981 (F)  
King County Arterial Highway Development Fund/City of Seattle Arterial Development Fund, 1968-1980 (F)  
Dept. of Judicial Administration Internal Controls (F)  
Sheriff's Real Property Sales (M)  
Road Fund Property Holdings (M)  
Emergency Medical Services Division/Funding Allocation, Service Delivery, & Financial Management Functions (M)  
Public Defense System (F)
- 1983** 1966 Harborview Hospital Construction Fund (F)  
Follow-Up Study, King County Park Operations (S)  
New Jail Construction Contract Administration (F)  
King County Investment Management (F)  
Gambling Tax Collection Process & Internal Controls (F)
- 1984** Solid Waste Staff Utilization (M)  
DPPRC--Systems Development Process (M)  
King County Parking Facilities Study (S)  
Residential Real Prop. Assessment Level & Uniformity (M)  
Roads CIP Budgeting and Scheduling Practices (M)  
Review of King County Accounting Funds (S)  
BALD Permit Fee Collection Process (F)
- 1985** Alcoholism and Substance Abuse Services Division Receivables (F)  
Test of Real Property Tax Systems Computer Files (F)  
Budgetary Staffing Standards (M)  
Police Overtime Usage and District Court Scheduling (S)  
Roads CIP Budgeting and Staffing Practices Follow-Up (M)  
Insurance Fund (F)  
King County International Airport (F)  
Equipment Management/Utilization, Maintenance, & Replacement Practices (M)
- 1986** Business License Inspection Practices (M)  
County Gasoline Contract (M)  
Parks Maintenance (M)  
Collective Bargaining Agreements (M)  
Finance Office Cashiering (M)  
Risk Management (M)  
H&CD Housing Loans Administration (F)  
Public Defense Program Fund Balance Levels (F)  
King County Reporting of State Excise Tax (F)  
Department of Public Safety, Financial and Personnel Administration (S)
- 1987** Harborview Medical Center Master Plan and CIP (M)  
Jail Intake, Transfer, and Releases (M)  
County Airport Historical Funding (F)  
County Airport Operations (M)  
Motor Pool Financing (S)  
Meat Inspection Program (M)
- 1988** Accounts Payable (F)  
Public Health Pooling Fund (S)  
DPH Financing Provisions of 1984 Interlocal Agreement (S)  
District Courts Time-Pay Collections Clerks (S)  
Political Contributions by Charitable Organizations (S)  
Surplus Personal Property (F)  
Solid Waste Cashiering (F)  
Project Management Cost Allocation Procedures (F)  
Court Services (M)  
Natural Resources and Parks Division Rental Houses (S)  
M/WBE Utilization Requirements for Financial Services Contracts (S)  
DPH, County Funded Community-Based Health Clinics and WIC Program (S)  
Court Detail, Operation and Staffing (M)  
Jail Classification Services (M)  
Restaurant Inspection Program (M)
- 1989** Audit Coverage in King County Government (S)  
Real Property Records (M)  
Solid Waste Accounts Receivable (F)  
Department of Public Health Car Rental (S)  
Records Management (S)  
Department of Public Health, Computer System Planning and Development (S)  
Performa '87 (F)  
Parks Capital Improvement Program (M)  
1988 Consultant Selection Processes for Harborview Capital Projects (S)
- 1990** Jail Intake, Transfer and Release -- Workload, Operations and Staffing (M)  
Arbitrage Rebate Requirements on Tax-Exempt Bonds (F)  
Conservation Futures (F)  
Real Property Sale, Lease & Exchange Practices (M)  
Youth Services (M)  
Office of Civil Rights & Compliance (M)  
Criminal Investigations & Special Operations (M)  
Business and Occupation and Public Utility Taxes (F)  
Earthquake Preparedness (M)  
District Courts and Warrants Division Revenues (S)  
State Auditor Use of County Facilities and Equipment (S)  
Department of Youth Services Health Program (M)  
Code Enforcement Program Building and Land Development Division (M)  
Assigned Take Home Vehicles and Agency-Paid Parking (S)



## **REPORTS BY THE KING COUNTY AUDITOR'S OFFICE**

### **1992 - PRESENT**

- 1991** Carpentry Shop (F)  
County Fuel Station Internal Controls (F)  
County Agency Performance Monitoring Survey (S)  
King County Elections Practices (M)  
King County Purchasing Agency (M)  
Farmlands and Open Space Preservation Program (M)  
King County Detoxification Center (M)  
Dept. of Public Safety Field Training Officer Program (S)
- 1992** King County Office of Emergency Management (S)  
King County Dept. of Stadium Administration Revenues (F)  
Environmental Health Charges to Solid Waste (S)  
Sierra PERMITS Automation System (M)  
King County Office of Human Resource Management (M)  
BALD Financial Guarantee Administration (M)  
Northshore Youth and Family Services (F)  
Dept. of Youth Services Drug & Alcohol Program (M)  
Dept. Adult Detention & Youth Services Overtime (S)  
SEPA Revenues and Accounts Receivable (F)  
Methodology for Funding Legal Services for Non-Current Expense Fund Agencies (S)  
Accounts Payable (F)  
Solid Waste Equipment Replacement Practices (M)
- 1993** Dept. of Development and Environmental Services Assigned Vehicles (M)  
Certificate of Occupancy Process (M)  
Collection of Civil Penalties and Recovery of Abatement Costs (F)  
DDES Field Inspection Function (M)  
Police Overtime for Court Appearances (M)  
Dept. of Youth Services Sex Offender Unit and Special Sex Offender Dispositional Alternative Program (M)  
Office of Open Space Financial Administration (M/F)  
Collection Enforcement Section (S)  
Cellular Phones (S)  
Surface Water Management Service Charges (F)  
Acceptance of Special Waste at County Landfills (S)  
Solid Waste Division Internal Controls for Handling and Storage of Parts, Fuel, and Other Operating Supplies (F)
- 1994** Span of Control (S)  
Community Diversion Program (M)  
Dept. of Development & Environmental Services Reduction-In-Force Process (S)  
Cedar Hills Alcohol Treatment Facility (CHAT) Accounting Procedures and Staffing Levels (M)  
DDES Fire Marshal's Office Fire Investigation Unit (S)  
DDES Accounts Receivable (F)  
Travel Expenses and Credit Card Use (M/F)  
Services & Treatment Alternatives for Developmentally Disabled Offenders Incarcerated in the King County Correctional Facility (M)  
Board of Appeals and Equalization (S)  
Surface Water Management Non-Construction CIP Costs (S)  
Tracking and Reporting on Lawsuits Involving King County (S)  
Jail Overtime Study Follow-Up (S)
- 1995** Dept. of Metropolitan Services Temporary Contract Workers (M)  
King County Purchasing Practices & Supply Contract Prices (M)  
Sewage Facilities Capacity Charge (F)  
Audit Recommendation Implementation (S)  
Dept. of Metropolitan Services Professional Services Contract (M)  
Human Services Dept. Monitoring of Contract Compliance (F)  
Biomedical Waste Regulation Enforcement (S)  
Customer Service Motion Survey (S)  
County Fair Financial & Contract Management (F/M)  
Supported Employment Program (M)
- 1996** Dept. of Metropolitan Services West Point & Renton Wastewater Treatment Facilities (C)  
1990 Code Enforcement Audit Follow-Up (M)  
Dept. of Metropolitan Services Compensatory Time Policies, Procedures, and Practices (S)  
King County Women's Program (M)  
Cultural Programs (Hotel/Motel Tax Distribution) (F/M)  
Investment Management (F)  
King County Road Construction Fund and Capital Improvement Program (M)  
Emerging Infectious Diseases and Laboratory Operations (M)  
DUI Offender Program (M)  
King County Real Property Acquisition Practices (M)  
Seattle-King County Dept. of Public Health (SKCDPH) Immunization Program (M)
- 1997** King County Methadone Treatment Programs (M)  
Criminal Justice-Funded Department of Public Safety Staffing (S)  
Permit Fee Waivers (M)  
Animal Control Section Collection Practices and Interlocal Services (F)  
King County Contract for Sobering Services (S)  
Office of Civil Rights Enforcement Case Management (S)  
Neighborhood Drainage Assistance Program (S)  
Surface Water Management Program (S)  
Motor Pool (S)  
Information and Telecommunications Services (M)
- 1998** Automated Telephone Systems (S)  
Interlocal Agreements & Public Agency Contracts (S)  
Review of Selected Capital Project Funds (S)  
Metro Tunnel Rail Installation Process (M)  
Road Maintenance Contracts (F)  
ITS Infrastructure Operating and Maintenance Costs (F)
- 1999** Information Technology Planning, Development, and Implementation Processes (M)  
East Lake Sammamish Trail (S)  
Bond Funded Capital Improvement Projects (F)  
King County Traffic Volume Forecast Model (S)  
Jail Overtime (S)  
Transit Management (C)  
Disposition of Firearms (S)  
Metro Transit Vehicle Maintenance Operations (M)  
Employee Benefits (C)  
Risk Management (C)
- (M) Management Audit  
(F) Financial Audit  
(S) Special Study  
(C) Audit/Study conducted by consultants